

Press release

For immediate release:

Satellite television dealer / technician organization comments on pending merger between DirecTV and Echostar.

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Washington State, July 24, 2002 - On April 16th, 2002 DBSinstall.com was established. The members of DBSinstall.com are independent Direct Broadcast Satellite (DBS) dealers, installation contractors and employees of DBS related companies.

The new organization set forth one of its goals, to provide a source for which the concerns of DBS installation technicians and dealers could be heard. To date, existing organizations are primarily composed of DBS platform providers, manufacturers, distributors and retailers. The recent move by Echostar to purchase DirecTV has created much debate within the DBS industry. The DBSinstall.com membership is also not united in a common position on this issue. About ninety percent is against the merger, five percent is unsure and five percent is for the merger. Even some of those who are for the merger are very cautious and have concerns.

Those in favor of the merger state their reasons as being primarily to allow the combined entity to maximize the use of satellite resources and therefore increase channel carrying capacity. This newly gained channel capacity would lead to the retransmission of many local television stations that currently are not available to some home satellite dish subscribers. Another added benefit would be the ability for the new company to broadcast more High Definition Television (HDTV) to subscribers. This over all gain would allow satellite TV to become a better competitor to modern CATV systems.

It is also believed that a bigger stronger satellite dish company would be able to provide high-speed Internet access that is less expensive than today's satellite Internet systems.

Other advantages of a merger would be the inability of consumers to switch from one platform to another, therefore reducing customer acquisition cost and

increasing customer retention. A merger would also create a uniform video platform.

The members that are opposed to a merger have stated many reasons for their concerns. The primary concern is the elimination of competition within the DBS industry. The merger of the only two DBS providers could stifle product development and eliminate choice or options for consumers. Most affected will be rural consumers who do not have access to modern cable TV systems or even cable TV at all. These rural consumers will be subject to the quality of DBS service provided by one company.

For the last several years Echostar has been increasing its own network of field installers. It is the feeling of many independent DBS installers that Dish Network Service Corporation (DNSC) is what Echostar has envisioned for the future of America. Consumers who call DISH Network for sales are usually not referred to local dealers, they are sold the system directly and DNSC performs the installation.

DNSC installers do not provide custom work. They only offer basic installations, leaving the consumer to seek other satellite technicians to complete the job in the manner the customer needs or wants. Almost every satellite dealer can tell you where DNSC has been unable to provide even the most basic customer service support and often make things worse for the customer who is calling for help. We acknowledge that many of the issues with DNSC can be corrected, however we are unwilling to trust that Echostar will address these issues.

DirecTV has also created an in-house service department by contracting directly to install providers. Some Home Service Providers (HSP) are well known to be the worst offenders in not providing a quality basic installation. When combined, we believe that DNSC and HSP are collectively the least qualified organizations to provide quality customer service at a national level.

We do not believe that Echostar's DNSC and DirecTV's HSP have demonstrated that they are able to or should be allowed to be the only installation provider of DBS Satellite TV in America. They may be able to correct their problems, but we think they should demonstrate that ability before the merger is approved.

If a merger is approved, it is strongly thought that Echostar will slowly eliminate the independent retailer and installer, leaving consumers no choice of what to get or who to get it from.

When was the last time any cable TV customer had a choice of digital set top boxes?

It is strong opinion among some satellite TV dealers that the DirecTV DBS platform provides a superior picture to that of Echostar's DISH platform.

Currently there are over five major manufactures of DirecTV equipment. Each manufacture offers a variety of features for their models. Between RCA, Sony,

Hughes and Philips there are 12 different satellite receiver models. This offers consumers a choice of features and price ranges. Currently only Echostar manufactures equipment for its own DISH Network systems. 3 models are available. JVC offers one DISH receiver, but Echostar manufactures it and the one JVC model is the same as one of the Echostar models.

If a merge takes place, will other manufactures be able to design their own receivers to work on the DISH system? Or, will the other manufactures be required to manufacture equipment designed by Echostar, thus reducing innovation and product diversity? We do not think that a merger within any industry should result in a lower quality system replacing the higher quality system. Only a competitive market place should be allowed to decide what system is best or if both should be available.

The members against a merger will concede that a combined entity would be able to serve more markets with local networks, however since a swap out of 15 million receivers is estimated to take as long as five years, we wonder what advancements could happen in that time which would allow both DirecTV and Echostar to provide all markets with locals without the need of a merger? What plans do DirecTV and Echostar have to increase their channel carrying capacity if the merger fails? What is possible? We have not been told this and we wonder why. Could it be possible that both services could have plans that would able them to meet this goal independently within five years?

Echostar has made broadband Internet via satellite a talking point regarding this merger. We do not think that broadband Internet access via satellite should even be a topic of discussion regarding this merger. The satellites used for Internet access are completely different than those used for TV access. Currently satellite Internet is available anywhere in the continental United States.

A merger of DirecTV and Echostar will leave millions of home without access to any DBS TV, even though they can currently receive DirecTV. In order for a merged company to increase channel capacity, a consolidation of satellite channels would have to take place. Currently the core programming (ESPN, CNN, HBO,...) of DirecTV and DISH are at two orbital slots. DirecTV at 101° and Dish Network at 119°. Dish Network does have expanded core programming at 110°, but the main programming is at 119°. These 18 degrees of separation may seem unimportant but many Americans cannot receive DISH Network programming due to no line of site. Trees, buildings and mountains can block the reception of a satellite signal. Currently, American consumers can choose between two providers. Often they do not have a choice because their site does not allow for the reception of one of the platforms. Often an install technician will discover that while a customer cannot receive DISH programming due to trees or other obstruction, they can obtain a clear line site with the DirecTV main satellite. It works both ways.

If Echostar attempts to swap out a consumer and discovers that they cannot, due to no line-of-site, what will Echostar do for that consumer? Will they say sorry

and simply walk away, leaving that consumer with no access to television? If the dish needs to be relocated, will Echostar cover the cost? If so how far will they go to assure that the consumer will be able to receive DBS TV? Will they install a ground post and bury 100' of cable to keep that customer satisfied? What will Echostar pay to assure that a current DirecTV customer remains a DirecTV customer after the swap out begins?

Echostar's product development has been much different than that of the DirecTV equipment manufacturers. Echostar's receivers are very sensitive to the coax cable quality and length of coax between the dish and the set top receiver. We think that many consumers will be faced with the need to upgrade their installations just to be able to use DISH equipment. Even though it will say DirecTV on the front. It will not be the DirecTV system they currently have. Many consumers will not be able to upgrade due to this single issue alone. Will Echostar upgrade the consumers wiring at no cost?

Through no fault of their own, consumers may be forced to abandon their investment and return to cable or a roof top antenna. In cases where a roof top antenna may not be possible, some consumers may end up with no television.

We wonder why the local networks for Burlington, Vermont were added to DISH networks local station line up. Burlington Vermont is the 90th largest market in the country. When currently serving only 40 US markets why skip to the 90th. Could it be that Echostar is trying to influence Senator Patrick Leahy of Vermont? We do not know, but it raises questions and concerns for us.

The final reason why so many are opposed to a merger is simply, they do not trust Echostar or Charlie Ergen. Echostar has not been a good corporate citizen. Echostar has developed a somewhat hostile relationship with many of its dealers over constantly changing business rules, charge backs, product shortages, commission manipulation and when questioned, vague or non-existent explanations about these issues. Echostar and Mr. Ergen have not conducted themselves in a manner that warrants handing them the entire DBS industry.

Recently it has been reported that Mr. Ergen is looking to acquire 4DTV from Motorola. 4DTV is the digital platform used for C and Ku band systems (big dishes). If Mr. Ergen is successful in his acquisition of 4DTV and completes this merger, there will be no digital satellite television delivery system, to homeowners, not under his influence.

The benefits of this merger are easy to explain and understand, the consequences are more complex. We worry that those who do not take the time to study the potential negative impacts this merger would have, will be left asking themselves WHY? After the merger, after it is too late.

The American public needs to be told the entire issue and not just the marketing hype of Echostar's campaign to push this merger through congressional hearings

and final approval of the FCC. This merger affects everyone in the country by reducing choice.